

AMENDED IN SENATE JUNE 28, 2009

AMENDED IN ASSEMBLY APRIL 28, 2009

AMENDED IN ASSEMBLY APRIL 14, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 1142**

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### **Introduced by Assembly Member Price**

February 27, 2009

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An act to amend Sections 14018.2 and 14019.4 of the Welfare and Institutions Code, relating to Medi-Cal.

#### LEGISLATIVE COUNSEL'S DIGEST

AB 1142, as amended, Price. Medi-Cal: proof of eligibility.

Existing law establishes the Medi-Cal program, which is administered by the State Department of Health Care Services and under which qualified low-income persons receive health care services. Existing law provides that it is the responsibility of the Medi-Cal beneficiary to provide information and evidence of Medi-Cal eligibility to that person's health care provider if that information is requested by the provider prior to rendering services to that beneficiary.

Existing law provides that it is the responsibility of the provider prior to rendering Medi-Cal reimbursable services to persons presenting themselves as Medi-Cal beneficiaries to make a good faith effort to verify the person's identity, if the person is not known to the provider, otherwise payment for those services may later be disallowed by the department.

This bill would provide that it is the responsibility of a hospital, as soon as proof of Medi-Cal eligibility is supplied by a person presenting himself or herself as a Medi-Cal beneficiary, to provide all information

regarding that person's Medi-Cal eligibility to certain providers that bill separately for all services associated with the person's treatment in the hospital rendered during the same time period for which the hospital is submitting a claim.

Existing law prohibits any provider of health care services who obtains a label or copy from the Medi-Cal card or other proof of eligibility from seeking reimbursement or attempting to obtain payment for the cost of the covered health care services from the eligible applicant or recipient, or any person other than the department or a 3rd-party payor who provides a contractual or legal entitlement to health care services.

This bill would require a Medi-Cal provider, if the provider receives proof of a patient's Medi-Cal eligibility and has referred an unpaid bill for services rendered to the patient to a ~~3rd-party collection agency debt collector~~, to promptly ~~recall the matter from the 3rd-party collection agency and otherwise ensure collection efforts by the 3rd-party collection agency~~ *ensure that collection efforts* are halted and notify the patient accordingly. ~~The bill would require, commencing July 1, 2010, that all contracts between a 3rd-party collection agency and a Medi-Cal provider or billing service that works on behalf of a Medi-Cal provider to include a provision allowing the Medi-Cal provider to immediately recall a debt from collection pursuant to the aforementioned provisions.~~

This bill would provide that a provider of health care services who obtains a label or copy from the Medi-Cal card or other proof of eligibility and who subsequently attempts to seek reimbursement or to obtain payment for the cost of covered services from the eligible applicant or recipient or fails to ~~recall a debt~~ *cease collection efforts against a patient for covered services*, as this bill would require, may be punished with a fine not to exceed 3 times the amount the provider could otherwise have obtained had the provider of health care services billed the Medi-Cal program.

Existing law, the Consumer Credit Reporting Agencies Act, governs the disclosure of consumer credit reports. Existing law prohibits a person furnishing information on a specific transaction or experience to any consumer credit reporting agency if the person knows or should know the information is incomplete or inaccurate.

This bill would provide that if a Medi-Cal provider or ~~3rd-party collection agency debt collector~~ receives proof of Medi-Cal coverage for services rendered and then reports the services rendered to a consumer credit reporting agency or fails to ~~correct a negative credit~~

~~report regarding the services rendered~~ *notify the consumer reporting agency of corrections to information previously furnished*, the provider or ~~agency debt collector~~ shall be deemed to be in violation of the above-described provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 14018.2 of the Welfare and Institutions  
2     Code is amended to read:  
3     14018.2. (a) Reimbursement shall not be denied to any  
4     qualified health care provider for care rendered to an eligible  
5     Medi-Cal beneficiary for the sole reason that a proof of eligibility  
6     label does not accompany the bill.  
7     Proof of eligibility labels may, however, continue to be used as  
8     such and shall be made available to an eligible Medi-Cal  
9     beneficiary through the local office which has determined the  
10    person's eligibility or through the department. The provider may  
11    submit machine-reproduced copies of the beneficiary Medi-Cal  
12    card for billing purposes as long as the copy is made from the  
13    original unaltered Medi-Cal card under circumstances controlled  
14    by the provider, for example, on the premises of the provider with  
15    copying equipment controlled by the provider.  
16    (b) It shall remain the responsibility of a Medi-Cal beneficiary  
17    to provide information and evidence of Medi-Cal eligibility,  
18    restrictions on the eligibility, and non-Medi-Cal health coverage,  
19    to that person's health care providers, if this information is  
20    requested by those providers prior to rendering services to that  
21    beneficiary.  
22    (c) It shall be the responsibility of the provider prior to rendering  
23    Medi-Cal reimbursable services to persons presenting themselves  
24    as Medi-Cal beneficiaries to make a good faith effort to verify the  
25    person's identity, if the person is not known to the provider, by  
26    matching the name and signature on his or her Medi-Cal card  
27    against the signature on a valid California driver's license, or  
28    California identification card issued by the Department of Motor  
29    Vehicles, or another type of picture identification card or other  
30    credible document of identification. When the provider verifies  
31    the beneficiary's identity with a signed Medi-Cal card and one of

1 the documents described above, the state will deem this to be a  
2 good faith effort. If the provider does not make a good faith effort  
3 of reasonable identification prior to rendering Medi-Cal  
4 reimbursable services and renders services to a presenting person  
5 who is ineligible for those Medi-Cal services, payment for those  
6 services may later be disallowed.

7 This provision shall not apply to:

8 (1) Persons 17 years of age and under.

9 (2) Persons in long-term care.

10 (3) Persons receiving emergency services.

11 (d) Notwithstanding subdivision (b) of this section, county  
12 welfare departments may provide Medi-Cal eligibility information  
13 to other governmental agencies and their designated agents as  
14 necessary for proper administration of the Medi-Cal program.

15 (e) It shall be the responsibility of a hospital, as soon as proof  
16 of Medi-Cal eligibility is supplied by a person presenting himself  
17 or herself as a Medi-Cal beneficiary, to provide all information  
18 regarding that person's Medi-Cal eligibility to all hospital-based  
19 providers, ambulance transportation services providers, providers  
20 that provide ambulance transportation services through the "911"  
21 emergency response system, and other *hospital-based* providers  
22 of professional services that bill separately for all services  
23 associated with the person's treatment in the hospital rendered  
24 during the same time period for which the hospital is submitting  
25 a claim.

26 (f) For purposes of this section, the following definitions apply:

27 (1) "Hospital-based provider" means an anesthesiologist,  
28 radiologist, pathologist, emergency room physician, or other  
29 physician or a group of physicians providing medical services at  
30 the hospital.

31 ~~(2) "Professional services" includes, but is not limited to,~~

32 (2) "*Hospital-based professional services*" means services  
33 performed for a patient while at a hospital, related to the patient's  
34 hospital stay, and known to the hospital, including, but not limited  
35 to, diagnostic, laboratory, therapeutic, and radiologic services.

36 SEC. 2. Section 14019.4 of the Welfare and Institutions Code  
37 is amended to read:

38 14019.4. (a) Any provider of health care services who obtains  
39 a label or copy from the Medi-Cal card or other proof of eligibility  
40 pursuant to this chapter shall not seek reimbursement nor attempt

1 to obtain payment for the cost of those covered health care services  
2 from the eligible applicant or recipient, or any person other than  
3 the department or a third-party payor who provides a contractual  
4 or legal entitlement to health care services.

5 (b) Whenever a service or set of services rendered to a Medi-Cal  
6 beneficiary results in the submission of a claim in excess of five  
7 hundred dollars (\$500), and the beneficiary has given the provider  
8 proof of eligibility to receive the service or services, the provider  
9 shall issue the beneficiary a receipt to document that appropriate  
10 proof of eligibility has been provided. The form and content of  
11 those receipts shall be determined by the provider but shall be  
12 sufficient to comply with the intent of this subdivision. Nursing  
13 facilities and all categories of intermediate care facilities for the  
14 developmentally disabled are exempt from the requirements of  
15 this subdivision.

16 (c) In addition to being subject to any applicable penalties set  
17 forth in law or regulation, a provider of health care services who  
18 obtains a label or copy from the Medi-Cal card or other proof of  
19 eligibility pursuant to this chapter, and who subsequently attempts  
20 to seek reimbursement or to obtain payment for the cost of covered  
21 services from the eligible applicant or recipient or fails to ~~recall a~~  
22 ~~debt~~ *cease collection efforts against a patient for covered services*  
23 as required by subdivision (d), may be ~~punished with~~ *subject to* a  
24 fine not to exceed three times the amount the provider could  
25 otherwise have obtained had the provider billed the Medi-Cal  
26 program. *In implementing this subdivision, the department shall*  
27 *follow the rules and procedures for collecting civil money penalties*  
28 *as provided in subdivisions (f) to (l), inclusive, of Section 514851*  
29 *of Title 22 of the California Code of Regulations.*

30 (d) If a Medi-Cal provider receives proof of a patient's Medi-Cal  
31 eligibility pursuant to this chapter and that provider has referred  
32 an unpaid bill for services rendered to the patient to a ~~third-party~~  
33 ~~collection agency debt collector~~, the Medi-Cal provider shall  
34 promptly ~~recall the matter from the third-party collection agency~~  
35 ~~and otherwise ensure collection efforts by the third-party collection~~  
36 ~~agency are~~ *ensure that collection efforts against the patient by the*  
37 *debt collector are halted and notify the patient accordingly.*

38 (e) ~~Commencing July 1, 2010, all contracts between a third-party~~  
39 ~~collection agency and a Medi-Cal provider or billing service that~~  
40 ~~works on behalf of a Medi-Cal provider shall include a provision~~

1 allowing the Medi-Cal provider to immediately recall a debt from  
2 collection pursuant to subdivision (d):

3 (f)

4 (e) If a patient provides proof of Medi-Cal eligibility to a  
5 third-party collection agency and the ~~third-party collection agency~~  
6 ~~debt collector, and the debt collector~~ fails to notify the provider  
7 of this proof, the provider shall not be responsible for ~~recalling the~~  
8 ~~debt ensuring that collection efforts against the patient cease~~  
9 pursuant to subdivision (d) until either the patient or the ~~third-party~~  
10 ~~collection agency debt collector~~ provides the provider with proof  
11 of the patient's Medi-Cal eligibility.

12 ~~(g) If a Medi-Cal provider or third-party collection agency~~  
13 ~~receives proof of Medi-Cal coverage for services rendered, the~~  
14 ~~provider or third-party collection agency shall be deemed to be in~~  
15 ~~violation of subdivision (a) of Section 1785.25 of the Civil Code~~  
16 ~~if they do either of the following:~~

17 ~~(1) Report the rendering of the Medi-Cal-covered services to a~~  
18 ~~consumer credit reporting agency.~~

19 ~~(2) Fail to correct a negative credit report regarding the~~  
20 ~~Medi-Cal-covered services the Medi-Cal provider or third-party~~  
21 ~~collection agency reported to a consumer credit reporting agency.~~

22 (f) A Medi-Cal provider or debt collector shall be deemed to  
23 be in violation of subdivision (a) of Section 1785.25 of the Civil  
24 Code if more than 30 days after receiving proof of Medi-Cal  
25 coverage the provider or debt collector does either of the following:

26 (1) Furnishes information regarding the rendering of the  
27 Medi-Cal-covered services to a consumer credit reporting agency.

28 (2) Fails to notify a consumer credit reporting agency of  
29 corrections to information previously furnished by that Medi-Cal  
30 provider or debt collector regarding Medi-Cal-covered services.

31 (g) This section shall not apply to the Medi-Cal share of cost  
32 owed by a Medi-Cal beneficiary, unless the beneficiary's share of  
33 cost has been met for the month in which services were rendered.

34 (h) For purposes of this section, "debt collector" includes any  
35 person who regularly engages in debt collection, as defined by  
36 Section 1788.2 of the Civil Code, but does not include the original  
37 Medi-Cal provider.